

Certified translation from Czech to English

**GENERAL PURCHASE TERMS AND CONDITIONS
for Supply of Goods and Services (in force since 1 August 2021)**

These General Purchase Terms and Conditions (hereinafter referred to as the "Terms") govern the supplies of goods, performance of work or provision of services or other performances between **První brněnská strojírna, a.s.** with the registered office at Olomoucká 3419/9, 618 00 Brno, ID number: 00211281, incorporated in the commercial register maintained by the Regional Court in Brno, Section B, file 166 (hereinafter referred to as the "**Client**") and the other Contracting Party (hereinafter referred to as the "Supplier/Contractor") and are issued within the meaning of the provision of Section 1751 of Act No. 89/2012 Coll., the civil code, as amended (hereinafter referred to as the "Civil Code"). Confirmation by the Supplier/Contractor of an order to the Client shall be deemed Supplier's/Contractor's acceptance of and commitment to adhere to these General Purchase Terms and Conditions. The Contracting Parties are entrepreneurs and conclude this contract solely within their business activities.

I. DEFINITIONS

- **Day** shall mean a **Business Day**.
- **Work** shall mean the performance of certain works, manufacture of a certain item, assembly, servicing, maintenance, repair, modification of a building or activities with different results.
- **Supply** shall mean delivery of movable items by the Supplier/Contractor.
- **Supplier/Contractor** is a person who received from the Client a written Contract for Supply, provision of service, or other performance than Supply or Work, who concluded the corresponding Contract in accordance with these Terms.
- **Supply Documents** are documents whereby the Supplier/Contractor demonstrates fulfillment of qualitative parameters of the Supply/Work, including demonstration of compliance with Act No. 22/1997 Coll.
- **Purchase Contract** shall mean a written deed within the meaning of the provision of Section 2079 of the Civil Code, whereby the Supplier/Contractor shall deliver to the Client a certain item and allow the Client to acquire ownership right thereto for the agreed purchase price and under the agreed terms and conditions.
- **Order** shall mean a written deed designated "Order", issued by the Client, which represents a draft contract with regard to the subject of performance and delivered to the Supplier/Contractor in writing or electronically as a scanned Order signed by the Client.
- **Personal Data** shall have the meaning as defined in Regulation (EU) 2016/679 (hereinafter referred to as the "**GDPR**"), as amended.
- **Performance** shall mean the Supply, Work or Service.
- **Business days** are all days that are not non-working days, days off or public holidays in the Czech Republic.
- **Data Protection Regulations** shall mean the GDPR, EU Directives 2002/58/EC and 2009/136/EC (as transposed to national legal regulations of EU Member States and adjusted to local conditions) or other similar laws or regulations applicable to the Supplier/Contractor or the Client in any part of the world, always as amended.
- **Handover Protocol** (handover and takeover report) is a document which, if signed by the Client, confirms receipt by the Client of the Performance from the Supplier/Contractor within the meaning of the Contract. Essentials of the Handover Protocol are laid down in the Business Terms and Conditions.
- **General Contract** shall mean a written Contract for a definite term with regard to a pre-determined subject of performance governing in particular the quantity, price, payment and delivery terms.
- **Services** are activities provided by the Supplier/Contractor associated with the subject-matter of the Contract. These activities consist mainly from other performances that cannot be included under the Supply or the Work.

- **Contract for Work (CfW)** shall mean a written deed issued within the meaning of the provision of Section 2586 of the Civil Code whereunder the Supplier/Contractor shall perform at its expense and risk and hand over the Work to the Client.

- **Contract** shall mean (i) the Order accepted by the Supplier without any changes or reservations; (ii) other written contract containing manifestations of will of the Contracting Parties on the same deed concluded as per these Terms (e.g. Purchase Contract, Contract for Work, General Contract, Mandate Contract and Forwarding Contract).

- **Contracting Parties** shall mean collectively the Client and the Supplier/Contractor.

- **Forwarding Contract** shall mean a written Contract issued within the meaning of the provision of Section 2471 of the Civil Code, whereunder the forwarder shall carry a mandator's consignment at forwarder's expense and risk to a designated place under the terms and conditions arranged in such Contract.

- **Contractor** shall mean each person who received from the Client a written Contract for Work (i.e. in particular for manufacture of a certain item, its maintenance, repair or modification of a certain item, production, assembly, maintenance, repair or modification of a building or activities with other results) and who concluded the corresponding Contract in accordance with these Terms whereby such person committed to perform the Work.

II. CONCLUSION AND TERMINATION OF CONTRACT

1. Proposal for conclusion of the contract, or the order, shall be submitted in writing and receipt of the draft contract, or confirmation of order, shall also be given in writing only (also by email). The contract shall enter into force and effect once:

- Order accepted (confirmed) in writing by the Supplier/Contractor is delivered to the Client,

- has the form of a written deed signed by both Contracting Parties.

Proposal for conclusion of the Contract, or the Order, submitted by the Client, shall be confirmed by the Supplier/Contractor in writing (also by email) within the deadline for confirmation determined by the Client in the proposal. After lapse of the period to no effect, the submitted Order or the proposal for conclusion of the Contract shall expire. If the Client has not determined any period for acceptance of the proposal, the period shall automatically be 5 days from delivery of the proposal to the Supplier/Contractor, including by email.

2. If the Supplier/Contractor confirms the proposal for conclusion of the Contract by a confirmation with any changes compared to the original proposal received, the Contract shall not be concluded. Such changed proposal shall be deemed a new proposal for conclusion of a Contract submitted by the Supplier/Contractor, whereas the Client may refuse such proposal in writing or confirm it within 10 days from receipt thereof. If the Client fails to confirm the proposal within the above period, the Contract shall be deemed not concluded and no Contracting Party shall be bound thereby.

3. The Client and the Supplier/Contractor rule out application of business practices to their pre-contractual and subsequent contractual relation, as defined in the provision of Section 558 (2) of the Civil Code and shall be bound solely by business practices agreed upon in advance by the Contracting Parties in writing. The provision of Section 558 (2) of the Civil Code shall not apply to pre-contractual negotiations or individual concluded Contracts.

4. The contractual relation shall expire upon lapse of the arranged period or a period which is obvious from the subject of Performance; further by a notice of termination, withdrawal from the Contract, by agreement of the Contracting Parties as at the date specified in such agreement, death of a natural person if he/she has no legal successor, dissolution of a natural person with no legal successor.

III. SUPPLY DATE

1. Supply dates specified in the Contract are binding. Earlier Supply is possible solely upon prior written consent of the Client and shall not change the agreed price maturity period. The Supplier/Contractor shall not be liable for delay solely in the event of extraordinary unforeseeable circumstances and insurmountable obstacles occurring independently of its will - force majeure, and solely if it is able to sufficiently demonstrate such causes and immediately informs the Client in writing of such situation.

2. The Supplier/Contractor commits to immediately inform the Client of all foreseeable delays in Supplies and shall be obliged to adopt all measures to prevent any delays.

3. If a delay occurs or cannot be prevented, the Supplier/Contractor shall present to the Client a plan of corrective measures (and comply with the plan) to eliminate or minimize the delay, within 5 calendar days from the date on which it became aware of the situation. Such measures include, for example, the deployment of more staff, extended shifts, multi-shift operation, work on weekends and public holidays. The costs of the corrective measures shall be borne by the Supplier/Contractor. If the Client believes that the proposed corrective measures are insufficient and if the Contracting Parties fail to agree on a different scope of corrective measures within 2 days of the submission of the plan of corrective measures, the Client shall be entitled to withdraw from the Contract.

4. If the Supplier/Contractor fails to meet the Supply date, the Client shall be entitled to demand, in addition to other legal claims, delivery of the Supply within an alternative period, compensation for damages and lost profits incurred from the delay or failure to perform the obligation and shall be entitled to withdraw from the Contract in accordance with Article VIII. Liability for delays caused by subcontractors or third parties shall be borne by the Supplier/Contractor.

5. The Client shall be entitled to return or refuse earlier or excessive Supplies not agreed in writing in advance, at the expense of the Supplier/Contractor.

IV. PRICE

1. The Supplier/Contractor acknowledges that the price is an agreed price pursuant to Section 2(1) of Act No. 526/1990 Coll., on prices, as amended, and that this price is agreed as final and fixed - unchangeable, unless otherwise agreed in writing by the Contracting Parties. Unless otherwise agreed in the Contract, the price includes the costs of the necessary packaging and packing, insurance and transport to the destination specified in the Order or the Client's registered office, including VAT.

The Supplier/Contractor:

- has verified the clarity, scope and completeness of the documents submitted by the Client, has resolved any ambiguities prior to the conclusion of the Contract and is able to deliver the Performance;
- has examined all documents and declares that it is free from obvious defects and contains designs, materials and constructions which are in accordance with general practices;
- the price includes all work, supplies and documentation delivered, including incidental, ancillary and supplementary performance (contract monitoring, inspections, reporting to the Client on the progress and status of the Performance, preparation of cargo/loading plans for transport, etc.), fees, duties, taxes, licenses, copyrights, overheads and equipment that constitute the complete and defect-free Performance.
- The Client shall be entitled, at the expense of the Supplier/Contractor, to monitor the progress of the Performance if the Supplier/Contractor submits a Performance progress report that is (i) incomplete, (ii) late, or (iii) indicates that the Performance shall be delayed and the Client initiates its own monitoring of progress.
- If the Client is required to assist with loading, it may reinvoice to the Supplier/Contractor the costs associated therewith if the Supplier/Contractor has failed to prepare a loading plan, has informed the Client that it is unable to meet the packing and shipping conditions, or has demonstrably failed to comply with these conditions.
- The Client may reinvoice to the Supplier/Contractor costs of the second and any subsequent inspection of the documents if the Client's comments after the first inspection have not been properly and fully incorporated into the documents.

V. ESSENTIALS OF DELIVERY NOTES AND INVOICES, TERMS OF PAYMENT

1. The Supplier/Contractor shall be entitled to receive payment of the contractual price upon due and timely discharge of its obligation in a manner and in the place of performance pursuant to this Contract.

2. If the Performance is defective and incomplete, the Client shall be authorized to deduct 10 % of the contractual price ("Retention Fee") from the total amount. This part of the contractual price shall be paid within 45 calendar days after receipt of the request for release of the Retention Fee issued by the

Supplier/Contractor based on a mutually signed protocol on due rectification of all defects and arrears listed in the Handover Protocol.

3. The Supplier/Contractor shall issue a delivery note or a similar document to each individual Supply, no later than as at dispatch of the Supply, containing at least the following essentials:

- a) delivery note number, HS code, country of origin,
- b) identification of both Contracting Parties and their registered offices according to the entry in the commercial register, including ID number and Tax ID number,
- c) Contract(s) number according to the Client's records (i.e. the number indicated in the Order or in the proposal for conclusion of the Contract) of the particular Supply,
- d) Contract(s) number according to the Supplier's/Contractor's records,
- e) a breakdown of individual items of goods or Services to be supplied, including the relevant numerical identification (serial number, drawing number, mold number, etc.) or other distinctive designation (including, where appropriate, binding information about composition, surface treatment, etc.) and quantity,
- f) exact address of the carrier, forwarder etc., who procures transport of the subject of Performance to the Client,
- g) space for confirmation by the Client of proper acceptance of the subject of Performance,
- h) two delivery (dispatch) notes shall be given to the Client for its own needs.

4. Invoices must be issued exclusively in electronic form in PDF format and sent to the following email address: fakturace.brno@pbs.cz. Invoices must have a resolution of 300 DPI, be in black and white and in legible form. Invoice must be accompanied by a handover protocol, a delivery note or other document demonstrating that the invoiced amount is legitimate and correct.

5. The Supplier/Contractor shall include at least the following essentials in the invoice for delivered goods:

- a) invoice number,
- b) identification of both Contracting Parties and their registered offices according to the entry in the commercial register, including ID number and Tax ID number,
- c) Contract number according to the Client's records (i.e. the number indicated in the Order or in the Contract) for which the invoice is issued,
- d) Contract number according to the Supplier's/Contractor's records,
- e) delivery note or dispatch note number, if the invoice is issued for a Contract performed in multiple supplies, then numbers of multiple delivery notes or dispatch notes,
- f) the subject of taxable supply according to the delivery (dispatch) note,
- g) a breakdown of individual items of goods or Services to be supplied, including the relevant numerical identification (serial number, drawing number, mold number, etc.) or other distinctive designation (including, where appropriate, binding information about composition, surface treatment, etc.) and quantity,
- h) unit price of each type of invoiced item (net of VAT) + VAT rate,
- i) amount of the invoiced amount net of VAT,
- j) total VAT charged per invoice,
- k) total price charged per invoice including VAT,
- l) currency,
- m) bank account for payment,
- n) date of taxable supply, date of invoice,
- o) invoice maturity date.

6. The Client is entitled to return any invoice without payment before the lapse of the maturity period if any of the above data are missing or incorrect.

7. In such a case, the Supplier/Contractor is obliged to either correct the invoice or issue a new one, depending on the nature of the problem. Return of the invoice shall suspend the original maturity period and a new one shall commence upon delivery of a corrected or a new invoice.

8. Unless stipulated otherwise in the Contract, the Supplier/Contractor shall be entitled to issue an invoice on the day the subject of the Contract has been fully performed and shall be obliged to issue a tax document no later than 15 days from the date of taxable supply.

9. Maturity period of each invoice is at least 60 days from the date of its delivery to the Client, unless otherwise expressly agreed in the Contract. If the Client is in default in the payment of invoices for duly and timely delivered subject of Supply, the Supplier/Contractor shall be entitled to demand from the Client payment of contractual default interest at 0.05 % of the late payment for commenced each day of delay, up to a maximum of 10% of the total price. Once a draft Contract (Order) has been confirmed, the Contracting Parties shall be deemed to have agreed on the default interest at the above rate instead of the statutory rate.

VI. ASSIGNMENT AND SET-OFF

The Supplier/Contractor may assign receivables from the Client and liabilities payable to the Client solely upon prior written consent of the Client. The Supplier/Contractor is not entitled to unilaterally set off any of its receivables from the Client without prior written consent of the Client.

VII. PLACE OF SUPPLY - FULFILLMENT OF SUPPLY

1. Unless determined otherwise in an Order, the registered office of the Client shall be the place of Performance.

2. The contractual obligation shall terminate upon expiry pursuant to Article II, paragraph 4, or upon proper and timely performance of the subject of Performance, including all obligations arising from the Contract. Handover shall be documented by a Handover Protocol or delivery note and shall explicitly state whether the Performance is accepted without defects or with defects or refused.

3. Unless otherwise expressly stated in the Contract, the Supplier/Contractor is obliged to deliver the subject of Performance together with the associated documents, as well as other documents necessary for the use of the subject of Performance, and the documents expressly stated in the Contract to the Client's registered office, in accordance with Incoterms **2020 DDP**. These include, in particular, CMR and documents proving the origin of the goods for customs purposes, Handover Protocol, certificates, warranty certificates, certificates of composition of the supplied alloys or other substances, safety data sheets or safety certifications for chemical substances, test reports, professional competence certificates of the Supplier/Contractor and individual employees performing types of the subject of Performance for the Client, where a specific professional examination or knowledge is prescribed by the applicable legal regulations including relevant technical and other standards, operating manuals (in Czech language when purchased in the Czech Republic), operating regulations, technological procedures and regulations, declarations of conformity of products of domestic and foreign origin pursuant to Act No. 22/1997 Coll., etc. In the absence of complete documentation, the Performance shall not be considered fulfilled and shall not be accepted without reservations. Acceptance of the Performance shall be confirmed by the Client in writing, e.g. on a delivery note or Handover Protocol.

4. All documents related to the Performance shall indicate the Contract (Order) number.

5. All Supplies including individual parts and components procured by the Supplier/Contractor shall be new and unused.

6. If it is necessary to supply additional materials, works or Services to provide a complete and functional Performance with the required parameters and to ensure its smooth, reliable and safe operation, the Supplier/Contractor shall supply or procure supply of the materials, works or Services at its own expense.

7. The Supplier/Contractor is obliged to provide the Client with any additional or explanatory information related to the subject of the Contract.

VIII. SUPPLIER/CONTRACTOR DELAYS AND CHANGES IN PERFORMANCE OF LONG-TERM SUPPLIES

1. The Supplier/Contractor is aware that the Performance is intended for production mainly in the energy and engineering industry, and therefore it is necessary to deliver it to the Client properly and on time according to the agreed terms, in the highest quality of workmanship and in compliance with all legal and technical standards of the Czech Republic and the EU, as well as the final destination, as otherwise extensive damage may be incurred by the Client.

2. The Supplier/Contractor acknowledges that delay in delivery of the Performance or delivery of the Performance with defects may shut down or limit production at the Client's plant and cause significant

damage. The Supplier/Contractor accepts liability for any damage or loss profits caused by breach of its obligation to deliver the Performance to the Client in a proper and timely manner.

3. If the Supplier/Contractor is in delay, the Client shall be entitled, after a 15day delay, to unilaterally withdraw from the Contract without granting an additional period to perform, without prejudice to the rights and claims of the Client to damages and compensation of lost profits caused by Supplier's/Contractor's delay.

4. If the Supplier/Contractor is not able to fulfil its obligation within the agreed time limit, it is obliged to inform the Client immediately of this fact and at the same time to communicate and agree with the Client an additional time limit for Performance. The Client shall be bound by such deadline only as long as it is not more than 15 days from the original date of Performance and the Client has agreed to such extension. Otherwise, the Client is entitled to unilaterally withdraw from the Contract in writing, without prejudice to the Client's rights and claims for damages and compensation for lost profits caused by the delay of the Supplier/Contractor.

5. Where the Contracting Parties have arranged long-term recurring Supplies, and in the event the Supplier/Contractor decides to change the composition of Supplies etc., the Supplier/Contractor shall require written consent of the Client to any changes to the composition of Supplies or any other changes to Supplies compared to former Supplies, or subject of Performance, prior to start of production of such altered Supplies or Performance. If the Client refuses to grant consent under the previous sentence, the Supplier/Contractor shall be obliged not change the Performance provided to the Client, unless the Contracting Parties agree otherwise.

IX. WARRANTY PERIOD, LIABILITY FOR DAMAGE - COMPLAINT PROCEDURE

1. Unless otherwise agreed in writing in the Contract, the Supplier/Contractor undertakes to provide a 24month quality warranty for the subject of Performance from the date of commissioning or 36 months from delivery. If the subject of Performance is part of the Client's Supply to another entity, the warranty period shall commence on the date of commissioning of this Supply or on the date of delivery of the Supply to this third party. The Client shall inform the Supplier/Contractor of this fact and provide the Supplier/Contractor with evidence of the date of commissioning or the date of delivery of the Supply to the third party. However, the total warranty period shall not exceed 36 months from the date of delivery by the Supplier/Contractor of the subject of Performance to the Client.

2. Warranty period for constructions and immovable property is 5 years from acceptance by the Client.

3. The Supplier/Contractor shall provide the Client with a quality warranty for the entire subject of the Contract according to the contractual obligation and shall be liable for all defects in the Performance upon delivery to the Client. By means of the quality warranty, the Supplier's/Contractor's guarantees that the subject of Performance shall be fit for use for its usual purpose during the warranty period, retain its usual characteristics and be free from legal defects.

4. If the Client identifies a defect during acceptance of the subject of Performance, it shall notify the defect without undue delay to the Supplier/Contractor by means of the Handover Protocol or a written complaint, indicating the number of units or other quantity of the subject of Performance suffering from defect, describing the types of defects or how they manifest. The Supplier/Contractor shall immediately replace the defective Performance with a new one, unless the Client expressly demands repair or a price discount. Such written complaint shall be identified by a number according to the complaint registration system operated at the relevant center of the Client.

5. In the event of a complaint submitted within the warranty period, the Supplier/Contractor is obliged to send the Client a written statement on the complaint within 5 calendar days of its receipt. If the Supplier/Contractor is not able to replace the delivered goods or remedy the defect of the subject of the Client's complaint in the required manner within 30 calendar days from the date of receipt of the complaint, it is obliged to deliver a replacement Performance. The Contracting Parties may agree to replace or remove defects of the subject of the complaint in the Client's premises by representatives of the Supplier/Contractor or the Client at the Supplier's/Contractor's expense. In exceptional cases, the Contracting Parties may agree in writing that the Client shall be temporarily provided with a replacement and fully functional Supply free of charge for the period of complaint processing (defective goods or item).

6. If the Supplier/Contractor fails to remedy the defect of the subject of the complaint or provide a replacement Performance for the defective goods, the Client has the right to withdraw from the Contract after the expiry of 30 days from delivery of the complaint and call upon the Supplier/Contractor to collect the defective subject of Performance to the extent it can be technically separated from the rest of the Performance. The Supplier/Contractor is obliged to issue a credit note in the appropriate amount to the invoice based on which the subject of Performance under complaint was delivered and paid for within 15 days after collecting the defective subject of Performance and to send it by registered mail to the Client. The Supplier/Contractor is obliged to pay the price corresponding to the defective Performance within 15 calendar days of receipt of the invoice for the returned goods under the variable symbol which shall be the number of its issued credit note.

7. The Client may request from the Supplier/Contractor compensation of costs incurred from the complaint (administrative costs, disassembly etc.), however, only where the complaint was justified. The Contracting Parties agree to reimburse the Client's costs in the lump sum of CZK 5,000 on the basis of an invoice issued by the Client within 15 calendar days of receipt of the invoice.

X. LEGAL DEFECTS

The Supplier/Contractor shall be subject to liability if use of the subject of Performance, use of the subject of Performance for internal needs of the Client, incorporation of the subject of the Performance into the Client's final products or application of specified procedures in the use of the subject of Performance infringes third-party rights. The Supplier/Contractor shall also ensure that the rights *in rem* of third parties are not infringed and that the subject of Performance is not encumbered by any rights *in rem* in respect of third party's property.

XI. TRANSPORT AND PACKAGING, DISPOSAL OF UNNECESSARY GOODS

1. The Supplier/Contractor is obliged to dispatch the Supply in packaging that guarantees sufficient protection against damage during transport and during any storage in the Client's premises.

2. The Supplier/Contractor of the subject of Performance shall provide adequate information on disposal of the packaging in accordance with the provisions of Act No. 477/2001 Coll., on packaging, and information on liquidation of old goods in accordance with the provisions of Act No. 541/2020 Coll., on waste, with regard to the goods comprising the subject of Performance.

XII. SUBJECT OF PERFORMANCE - GOODS ACCORDING TO THE CLIENT'S SPECIFICATIONS, DRAWINGS AND MODELS

1. Without prior written consent of the Client, the Supplier/Contractor shall not manufacture or supply to third parties products identical to those that comprise the Supply, which the Supplier/Contractor manufactured or procured or had manufactured for the Client, as long as such goods were manufactured or procured according to the data, calculations, drawings or models of the Client.

2. Special equipment, dies or similar items handed over by the Client to the Supplier/Contractor intended for the production of the subject matter of Performance for the Client shall not be provided by the Supplier/Contractor without prior written consent of the Client to third parties, nor used for their own or other's needs, nor copied or remanufactured or reverse-engineered, nor disposed of other than for the purpose of performing the Contract. Upon completion of Supply, the Supplier/Contractor shall return the aforementioned to the Client within 15 calendar days following completion of Performance. This provision shall also apply where the Supplier/Contractor procures special equipment, dies etc., as instructed by the Client at its own expense and no further contracts are concluded between the Client and the Supplier/Contractor for any reason. In that event, the Supplier/Contractor and the Client shall, within 60 calendar days of the date on which both Contracting Parties demonstrably became aware of termination of Supplies, enter into an agreement to settle the costs of purchase of such special equipment, dies, etc. in question. The Supplier/Contractor shall not charge the Client a price exceeding the actual cost of the special equipment or dies less depreciation for delivery of the special equipment or dies to the Client.

3. If the Supplier/Contractor improves the existing procedures within the performance of the subject of Performance, the Client shall have a free, exclusive user right to the industrial use of the new knowledge or the subject of the improvement and any related rights.

4. The Supplier/Contractor shall obtain the prior written consent of the Client for the co-use, alteration or destruction of special equipment or tools manufactured according to the Client's data, calculations, drawings or models.

5. Models, designs, material composition, calculations, drawings, technical changes or documents of any kind provided by the Client to the Supplier/Contractor in connection with the Contract or Order shall remain at all times the property of the Client and shall constitute a trade secret. The Supplier/Contractor shall not use the models, designs, drawings or other technical documents provided by the Client without the prior written consent of the Client for itself or provide them to a third party.

6. The Supplier/Contractor is obliged to return the models, designs, drawings or other technical documents provided immediately after Client's request, together with all copies made by the Supplier/Contractor. The number of copies shall be recorded in writing.

7. In the event of a breach of any of the above provisions of Article XII, the Client shall be entitled to a contractual penalty of three times the price of the subject Performance or the usual price of a tangible asset, as well as three times the usual price of the subject intangible asset, which has been used without authorization for the benefit of the Supplier/Contractor or a third party, as determined by a court expert in the relevant field. This provision is without prejudice to the Client's right to claim damages.

XIII. OWNERSHIP OF THE PERFORMANCE, PASSING OF RISK OF DAMAGE TO THE PERFORMANCE AND INTELLECTUAL PROPERTY RIGHTS

1. The ownership right to the subject of Performance and the risk of damage to the Performance shall pass to the Client on the date of its demonstrable acceptance, meaning in particular the Client's signature on the delivery note or other document proving handover and acceptance. The risk of damage to the subject of Performance shall pass to the Client on the date of handover and acceptance of the Performance.

2. The Supplier/Contractor is obliged to designate the part of the Performance paid for by the Client as the Client's property, especially in the accounting and warehouse records (finished production and work-in-progress). The transfer of the risk of damage to the Performance shall be governed by paragraph 1 of this Article.

3. The transfer of ownership shall not affect the right or obligation of both Contracting Parties to perform the work necessary for the execution and completion of the Work.

4. The Supplier/Contractor grants to the Client, as at the date of transfer of ownership right, all rights and licenses necessary for the Client to use, transfer, transport and sell the Performance and to exercise all rights granted to the Client under the Contract.

XIV. FORCE MAJEURE

1. The Contracting Parties shall consider as force majeure such unusual events or circumstances that temporarily or permanently prevent the performance of the obligations set forth in the Contract, which occur after the Contract has entered into force, have a direct effect on the performance of the obligations under the Contract and could not have been foreseen or avoided by either of the Contracting Parties. Force Majeure shall not include the epidemic and spread of the SARS-CoV-2 virus.

2. The Contracting Party which is prevented by force majeure from fulfilling its obligations under the Contract shall be obliged to inform the other Contracting Party immediately upon the occurrence of the force majeure event and to provide it with conclusive evidence documenting that events or circumstances causing the force majeure condition have a material effect on the fulfilment of the contractual obligations. If force majeure lasts for more than 90 calendar days, the Contracting Party not prevented by force majeure from performing its obligations under the Contract shall be entitled to withdraw from the Contract.

XV. CONTRACTUAL PENALTIES AND DAMAGES

1. If the Supplier/Contractor fails to perform its obligation to provide the Performance or, as the case may be, fails to deliver the subject of Performance or a part thereof to the Client on time (i.e. is in delay with the Performance or a part thereof), the Supplier/Contractor is obliged to pay the Client a contractual penalty of 0.5 % of the total price of the Performance for each commenced day of delay.

2. If the Supplier/Contractor is in default in fulfilling its obligations arising from liability for defects or from the warranty, the Client is entitled to demand from the Supplier/Contractor the payment of a contractual penalty of 0.5 % of the total price of the Performance for each commenced day of delay.
3. If the Contract is breached by delivery of the subject of the Performance with defects preventing operation or endangering operation or endangering safety, or such defects are detected during the warranty period, the Client shall be entitled to demand payment of a contractual penalty of 0.5 % of the total price of the Performance for each commenced week in which its operation is restricted or shut down.
4. The Supplier's/Contractor's obligation to pay the stipulated contractual penalty and damages shall also apply in cases where the Supplier's/Contractor's delay is caused by the delay of its subcontractor.
5. Contractual penalty is due in fourteen (14) calendar days from delivery of the invoice to the Supplier/Contractor.
6. The obligation to pay the contractual penalty is without prejudice to the right to claim damages caused to the Client, i.e. Section 2050 of the Civil Code is excluded.
7. The maturity period of damages exercised by the Client is thirty (30) calendar days from delivery of the invoice to the Supplier/Contractor.

XVI. TERMINATION AND WITHDRAWAL FROM CONTRACT, SUSPENSION OF WORKS

1. The Client is entitled to terminate the Contract at any time with immediate effect. If compensation for termination of the Contract by the Client is agreed in the Contract, such compensation paid by the Client to the Supplier/Contractor shall not exceed the part of the agreed price payable to Supplier/Contractor for the Performance which has already been provided to the Client as of the date of termination of the Contract, but not more than up to the total agreed price for the Performance under the specific terminated Contract. The Supplier/Contractor shall submit to the Client within 3 working days from the date of receipt of the termination of the Contract 1) a list of activities that are necessary to be carried out (i) to prevent financial and material damage to the project, (ii) for the necessary compliance with Occupational Safety and Health, Environmental Protection and Fire Regulations, 2) a proposal for the assignment of all subcontracts to the Client. The Supplier/Contractor shall carry out the activities agreed by the Client from the list of activities submitted, under the terms and conditions set out in the terminated Contract, unless otherwise agreed by the Contracting Parties.
2. The Client has the right to withdraw from the Contract in the event of a material breach of the Contract or these Terms without prior notice to the Supplier/Contractor.
3. Material breach is deemed in particular:
 - a) delay in delivery for more than 15 calendar days from the agreed performance date,
 - b) delivery of defective Performance where more than 10 % of the volume (or price) of the Supply from one concluded Contract is defective,
 - c) the Supplier/Contractor is bankrupt, insolvent, or the Client may believe that such circumstance is imminent, in particular in the event of institution of insolvency proceedings or similar proceedings under the law against the Supplier/Contractor,
 - d) breach of any obligation set out in Article XVI of the Terms (confidentiality).
4. In the event of withdrawal from the Contract, the Client shall return only that part of the Performance which can be technically separated and therefore returned. The Supplier/Contractor is entitled to a pro rata portion of the purchase price paid for the unreturned part of the Performance, reduced by 10 %. The Client is entitled to withdraw only from the hitherto unperformed part of the Contract. In such a case, the Supplier/Contractor shall not refund the part of the payment received from the Client corresponding to the price for the Performance which was not withdrawn from.
5. In the event of withdrawal, PBS shall only return the part of the Performance that can be technically separated and therefore returned. The Supplier shall be entitled to a pro rata part of the purchase price paid for the unreturned part of the Performance reduced by 10 %.
6. In the event of withdrawal from or termination of the Contract, the Client's claim for damages from the Supplier/Contractor shall not be affected in any way.
7. The Client may suspend any part of the Work, including any remaining work, at any time for any reason by notice to the Contractor specifying the part of the Work to be suspended and the effective date

thereof. The Contractor shall complete all work on that part of the Work as at the effective date of the suspension of works. The Contractor shall continue to perform the unsuspended part of the Work.

8. If any part of the Work is suspended, the Contractor may, by a written notice, request additional compensation from the Client consisting of (i) the costs of the Contractor's employees who cannot be released from performance of the suspended part of the Work approved in advance by the Client and/or (ii) the costs of other items directly related to the suspended part of the Work, but only if approved in advance by the Client.

9. The Client shall not be liable for any harm or loss of anticipated profits, other losses, or damages incurred by the Contractor by reason of suspension of the Work by a notice from the Client.

10. The Client may at any time authorize the resumption of all or part of the suspended part of the Work by a written notice to the Contractor specifying the part of the Work to be resumed and the date of end of suspension. Upon receipt of such notice, the Contractor shall promptly resume the suspended works.

11. Without prejudice to the Client's rights under paragraphs 6-9 above, the Client shall be entitled to notify the Contractor in writing to suspend all or part of the Work in the event of non-performance or non-fulfilment of obligations under the Contract. In such case, the Contractor shall not be entitled to compensation for expenses of any nature incurred in connection with the suspension of any part of the Work for non-performance or non-fulfilment, including and not limited to during the period of suspension.

XVII. CONFIDENTIALITY

1. The Supplier/Contractor undertakes to treat all non-public commercial and technical information it encounters in the course of the contractual relationship with the Client as a trade secret. Drawings, models, molds, preparations and accessories, templates, dies and similar items and documents of the Client shall not be disclosed or otherwise made available to third parties without the prior written consent of the Client. Any reproduction and distribution of such items shall be made by the Supplier/Contractor only with the prior written consent of the Client and only to the extent permitted by the regulations governing intellectual property rights. The Supplier/Contractor is obliged to return the items so provided immediately after the Supplier/Contractor has fulfilled its obligation.

2. The same policy shall apply to products manufactured by the Supplier/Contractor to the Client's specifications. These conditions shall also apply to the Supplier/Contractor's subcontractors and the Supplier/Contractor shall bind its subcontractors to the same extent. The Supplier/Contractor is not entitled to disclose to any third-party information about the origin, conditions and content of the contractual relationship between the Supplier/Contractor and the Client and the business cooperation between the Supplier/Contractor and the Client without the Client's prior written consent.

3. In the event of a breach of the duty of confidentiality under this Article of the Terms, the Supplier/Contractor is obliged to pay the Client a contractual penalty of CZK 250,000 for each individual case of breach. The obligation to pay the contractual penalty is without prejudice to the right to claim damages incurred by the Client.

XVIII. OCCUPATIONAL SAFETY AND HEALTH, FIRE REGULATIONS AND ENVIRONMENTAL PROTECTION

1. The Contractor is obliged to comply with the relevant legal regulations, standards and principles in the field of health and safety, fire protection, environmental protection, which are determined by the applicable legislation of the country of execution of the Work and the regulations applicable at the place of execution of the Work. In the event of violation of the conditions by the Supplier's/Contractor's own employees or employees of its subcontractors, a written record shall be drawn up in which deadline for the elimination of the defects shall be set by agreement between the Contracting Parties. The Supplier/Contractor shall be obliged to pay the Client a contractual penalty of CZK 2,000 for each individual breach of the conditions.

2. The obligation to pay the contractual penalty shall not prejudice the right to claim damages incurred by the Client.

XIX. SUBCONTRACTORS

The Contractor shall submit a list of its potential subcontractors to the Client for approval prior to their assignment. During the course of the Performance, the Contractor may only change subcontractors with the written consent of the Client. In the event of a breach of this provision, the Client shall be entitled to claim a contractual penalty of 5 % of the total contractual price from the Contractor. The obligation to pay the contractual penalty shall not prejudice the right to claim damages incurred by the Client.

XX. INSURANCE

1. The Contractor and its subcontractors are obliged to maintain a liability insurance for damage to property, life or health, including liability for damage caused by the product and defectively performed work, including subsequent financial damage directly resulting from damage to property, life or health with a limit of insurance coverage of at least CZK 50,000,000 per one insured event, from the acceptance of the Site/Work until the end of the warranty period. If the Contractor's insurance also covers the specified insurance risks of its subcontractors according to the preceding sentence, the Contractor's insurance shall suffice.
2. The Contractor is obliged to submit the insurance contract or documents (insurance policies) demonstrating existence of insurance to the Client upon request. Failure of the Contractor or any of its subcontractors to maintain valid insurance or to submit any insurance document within 15 calendar days of the date of the Client's request shall entitle the Client to withdraw from the Contract.
3. The Client may take out/maintain an insurance policy on behalf of the Contractor should the Contractor fail to maintain the insurance policy in force in accordance with paragraph 1 of this Article of the Terms, at the Contractor's expense.

XXI. INFORMATION, INSPECTIONS AND TESTS, SUPPLIER DOCUMENTATION

1. The Supplier/Contractor is obliged to provide the Client with necessary information related to the subject of Performance, to provide the necessary training according to the subject of the Contract.
2. The Supplier's/Contractor's Performance includes the performance of all prescribed, necessary or contractually agreed tests, including inspections and attestations pursuant to technical standards related to the agreed Performance. The Client shall have the right to attend all tests carried out and shall have the right to receive the results. The Supplier/Contractor shall inform the Client it can attend the planned tests in good time, at least 7 calendar days in advance. The Client shall be entitled to inspect the fulfilment of the contractual obligations at any stage. The activities referred to in this Article are included in the price, unless otherwise agreed in the Contract or writing by the Contracting Parties.
3. The Supplier/Contractor is obliged to keep records of inspections and tests, which are subsequently submitted to the Client as part of the Supply Documents. The Supply Documents shall form an integral part of the Work/Supply. Without submission of Supply Documents, the Work/Supply shall be deemed failed.

XXII. SERVICE

1. Except as otherwise provided in these Terms or the Contract, all notices, requests or other communications, incl. notices and withdrawals addressed to the relevant Contracting Party shall be deemed to have been duly given if delivered by hand, registered post or e-mail, to the contact details set out in the Contract or to such other address as the relevant Contracting Party shall notify in writing to the other Contracting Party; a notice of change of contact details shall take effect on the third (3rd) day following its delivery to the other Contracting Party or on the later date specified in such notice.
2. All notices, requests or other communications addressed to and received by the relevant Contracting Party shall be deemed to have been received:
 - a) on the third day after dispatch, if sent by registered mail within the Czech Republic;
 - b) on the fifteenth day after dispatch, if sent by registered mail outside the Czech Republic;
 - c) the next Business Day after dispatch, if sent by e-mail, unless the message was demonstrably received at another time.

XXIII. GOVERNING LAW, JURISDICTION

1. The Supplier/Contractor shall be fully responsible for the quality of the Work as per the technical specification and the relevant Client's guidelines and quality requirements communicated to the Supplier/Contractor. Pre-contractual and contractual relations covered by these Terms shall be governed by the laws of the Czech Republic. The Contracting Parties rule out application of the provisions of the "United Nations Convention on Contracts for the International Sale of Goods". In case of legal disputes, the competent court in the Czech Republic shall resolve the matter. Local jurisdiction shall be determined according to the Client's registered office.

The Client may unilaterally change these Terms to a reasonable extent. It shall notify the Supplier/Contractor in writing of any change at least ten (10) days before the effective date of the new version of these Terms. Any future change, modification, addition or other amendment shall apply only to orders received after the effective date of the change. The Supplier/Contractor shall have the right to reject changes to these Terms before they enter into effect by giving a written notice to the Client; the Contract shall expire 3 months after receipt of the notice. The Client warrants that the Supplier/Contractor shall be governed by the original Terms until the end of the validity period. Unless the Supplier/Contractor rejects the changes to the Terms that were duly communicated to the Supplier/Contractor, the contractual relationship shall be governed by the new version of the Terms. The Supplier/Contractor has examined all conditions, legal provisions, necessary schedules, drawings and plans and bears liability for the subject matter of the Contract. The Client shall not be liable for costs associated with errors or for losses incurred by the Supplier/Contractor due to failure to ascertain such information.

In Brno, dated 1 August 2021